

SHANGHAI XIZHI TECHNOLOGY CO., LTD.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to establish a comprehensive remuneration and evaluation system for the Directors and senior management, improve the core competitiveness and optimize the corporate governance structure of Shanghai Xizhi Technology Co., Ltd. (the “**Company**”), the Remuneration Committee has been established under the Board of Directors with these terms of reference in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and its appendices (the “**Hong Kong Listing Rules**”), Articles of Association of Shanghai Xizhi Technology Co., Ltd. (the “**Articles of Association**”) and other applicable regulations.

Article 2 All members of the Remuneration Committee shall be Directors, with the independent non-executive Directors constituting the majority and acting as the chairman (convener).

CHAPTER 2 TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Article 3 The Remuneration Committee is set up by the Board of Directors and is mainly responsible for formulating evaluation standards and conducting evaluation on the Directors and senior management of the Company. It shall also formulate and review the remuneration policy and proposals for Directors and senior management of the Company, and shall be accountable to the Board of Directors.

Article 4 In these terms of reference, Directors refer to directors of the Company, and the senior management refers to the general manager, deputy general manager, person-in-charge of finance and the secretary to the Board of Directors, appointed by the Board of Directors as well as other senior management as stipulated under the Articles of Association.

Article 5 Composition:

- (I) The Remuneration Committee shall consist of at least three Directors, with a majority of independent non-executive Directors.
- (II) Members of the Remuneration Committee shall be nominated by the Chairman of the Board, or by more than half of the independent non-executive directors, or by more than one third of all directors, and shall be elected by the Board.

- (III) The Remuneration Committee shall have one chairman (convener), who must be an independent non-executive director and shall chair the work of the committee. The chairman shall be elected among the committee members and shall be reported to the Board for approval.
- (IV) The term of office of the members of the Remuneration Committee shall be the same as the term of office of the directors. Upon expiration of the term of office of a member, he/she may be re-elected for re-appointment. During the term of office if any member ceases to serve as director of the Company, or if any member who should possess the capacity of an independent non-executive director ceases to have the independence as required under the relevant laws, regulations, regulatory rules and normative documents or the Articles of Association, such member will be disqualified automatically. Where the number of members of the committee falls below two-thirds (2/3) of the required number or independent non-executive directors no longer constitute a majority of the committee due to members' resignation or removal or other reasons, the Board shall fill the vacancies in accordance with the above provisions.
- (V) If a director is not re-elected in time upon the expiration of his/her term of office, the director shall continue to perform his/her duties as a member of the Remuneration Committee in accordance with the laws, regulations and departmental rules, the Hong Kong Listing Rules, the Articles of Association and these terms of reference until a newly-elected director takes office.
- (VI) The Remuneration Committee shall have a working group which serves as its daily administrative office, and is mainly responsible for the provision of information regarding the operation of the Company and the personnel being evaluated, organizing meetings of the Remuneration Committee and implementing the resolutions passed by the Remuneration Committee.

Article 6 Duties and responsibilities:

- (I) The primary responsibilities of the Remuneration Committee include:
 - 1. the duties and authorities as set out in the relevant provisions under the Code of Corporate Governance contained in Appendix C1 to the Hong Kong Listing Rules, as amended from time to time;
 - 2. formulating evaluation standards with reference to the primary responsibilities, scope of work and significance of the positions held by Directors and senior management, as well as the remuneration level of relevant positions in other relevant enterprises, and conducting evaluation and providing suggestions; providing advice to the Board of Directors regarding the overall performance evaluation of Directors and senior management and the remuneration management system and structure as well as the establishment of formal and transparent procedures for the formulation of the remuneration policy;

3. reviewing and approving the remuneration proposals of the management pursuant to the corporate goals and objectives established by the Board of Directors;
4. remuneration plans or proposals mainly include without limitation to the performance evaluation standards, procedures and major evaluation systems, and major plans and systems of incentives and punishments;
5. either: (1) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or (2) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
6. making recommendations to the Board of Directors on the remuneration of the non-executive Directors;
7. considering remuneration paid by comparable companies, time commitments and responsibilities and employment conditions of other positions within the Group;
8. reviewing and approving the compensation payable to the executive Directors and senior management for their loss or termination of office or appointment to ensure that it is consistent with the contractual terms, or is otherwise fair and reasonable and not excessive;
9. reviewing and approving the compensation arrangement relating to the removal or dismissal of a director due to misconduct to ensure that it is consistent with the contractual terms, or is otherwise fair and appropriate;
10. ensuring that no Director or any of his/her associates is involved in determining his/her remuneration;
11. reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules (as amended and supplemented from time to time), including but not limited to:
 - (1) where share options or awards are granted to Directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme;

- (2) where share options or awards are granted to the Directors and/or senior management without performance targets and/or clawback mechanism, forming views as to why performance targets and/or a clawback mechanism is/are not necessary and how such grants align with the purpose of the relevant share incentive scheme.
 12. examining the performance of duties of the Directors and senior management of the Company and to appraise their annual performance, carrying out a board performance evaluation (focusing on the performance of the board as a whole rather than that of individual directors) with respect to the directors at least once every two years, and disclose in the Corporate Governance Report specific details of the board performance evaluation, including:
 - (i) Whether the Board performance appraisal was conducted by an internal or external service provider;
 - (ii) The manner in which the Board performance appraisal was conducted, including the scope of the appraisal and the responsible departments/committees/external service providers involved;
 - (iii) The relationship between any external service provider involved in the Board performance appraisal and the issuer or any of its directors, if any; and
 - (iv) Details of the results of the Board performance appraisal, including areas for significant improvements (if identified in the Board performance appraisal) and measures taken or planned in response to the results of the Board performance appraisal.
 13. overseeing the implementation of the Company's remuneration system;
 14. dealing with other matters required by the laws, administrative regulations, departmental rules, normative documents and the Hong Kong Listing Rules, the Articles of Association, and those authorized by the Board.
- (II) The Board of Directors shall have the right to deny any remuneration plans or proposals that may damage the interests of shareholders.
- (III) Remuneration plans for the Directors of the Company proposed by the Remuneration Committee shall not be implemented until they are approved by the Board of Directors and passed at the shareholders' meetings. Remuneration distribution plans for the senior management of the Company shall be subject to approval by the Board of Directors. The Remuneration Committee shall provide the Board with discussion, material and information in the form of reports, proposals and conclusions for consideration and decision-making.

Article 7 Working procedures:

- (I) The working group under the Remuneration Committee is responsible for preliminary preparations by providing the relevant materials of the Company for the Remuneration Committee's decision-making:
1. major financial indicators and achievement of the Company's operating goals;
 2. information on the scope of work and major responsibilities of the senior management of the Company;
 3. information on the extent to which the performance targets set out under the work performance evaluation system have been achieved by Directors and senior management;
 4. information on performance evaluation on business innovation and profit-generating capabilities of Directors and senior management;
 5. relevant calculation basis for formulating the Company's remuneration plans and distribution methods based on the Company's performance.
- (II) The procedures for the evaluation of Directors and senior management by the Remuneration Committee are as follows:
1. Directors and senior management of the Company shall report their work and make a self-evaluation to the Remuneration Committee under the Board of Directors;
 2. the Remuneration Committee shall assess the performance of Directors and senior management in accordance with the performance evaluation standards and relevant procedures;
 3. the Remuneration Committee shall propose the amount of remuneration and incentive methods for Directors and senior management based on the performance evaluation results and the remuneration distribution policies, and shall submit them to the Board of Directors after being approved by voting.

Article 8 Rules of Procedure:

- (I) The Remuneration Committee shall hold a meeting upon the request of the Board or the proposal of the chairperson of the Remuneration Committee, and a notice shall be given three (3) days prior to the meeting by means of correspondence, email or fax. With the consent of all members, the aforesaid notice period requirement may be waived, provided that the chairperson of the meeting shall make an explanation at the meeting and provide sufficient supporting information for the members to exercise their voting rights. The meeting shall be presided over by the chairperson of the committee. Where the chairperson is unable or fails to perform his/her duties, he/she shall appoint another member (who shall be an independent non-executive director) to act on his/her behalf. Meetings of the Remuneration Committee shall be held in the form of physical meetings or in such other manner as approved by all members. Provided that the members are able to fully express their opinions, telephone, video, or other means may be used to facilitate the attendance of members at meetings. Any member who attends the meeting via the abovementioned approaches shall be deemed as having attended the onsite meeting.
- (II) The meetings of the Remuneration Committee shall be held only in the presence of more than two-thirds (2/3) of the members; each member shall have one vote. Resolutions proposed at the meetings must be approved by more than half of all members of the Committee.
- (III) Members of the Remuneration Committee shall attend committee meetings in person. If a member is unable to attend the meeting for any reason, he/she may authorize another committee member in writing to attend the meeting on his/her behalf. If a member fails to attend the meeting of the Remuneration Committee in person or by proxy, he/she shall be deemed as having abstained from voting at such meeting. The meeting agenda and all relevant meeting documents shall be sent to all members of the committee and, other attendees in a timely manner in accordance with the provisions of these terms of reference. Before the meeting, members shall fully read the meeting materials.
- (IV) Votes at the meeting of the Remuneration Committee shall be by show of hands or by ballot. Provided that the members of the Committee have fully expressed their opinions, the meeting may be held and resolutions adopted by means of telephone, facsimile, email or other electronic communication, and the resolutions shall be signed by the attending members.
- (V) The Remuneration Committee may invite the Directors, supervisors and senior management of the Company to observe the meetings of the Remuneration Committee when necessary.

- (VI) The Remuneration Committee may, if necessary, engage intermediary firms to provide professional advice on its decisions at the expense of the Company.
- (VII) The convening procedures, voting method and approved remuneration policies and allocation proposals of the meetings of the Remuneration Committee shall comply with the relevant laws, administrative regulations, the Hong Kong Listing Rules, the Articles of Association and the Terms of Reference.
- (VIII) Meetings of the Remuneration Committee shall be arranged by the Company's secretary of the Board. Minutes shall be kept for each meeting, which shall record the matters considered and resolutions passed at the meetings in detail, including any doubts or objections raised by members. The meeting minutes shall be signed by the members attending the meetings and the minute taker. Complete minutes of the Remuneration Committee meetings should be kept by the duly appointed committee secretary (usually the secretary of the Company) for a retention period of 10 years. The first draft (for members to express opinions) and the final version (for record) of the meeting minutes should be sent to all members of the Committee within a reasonable period of time after the meeting. Directors of the Company may inspect minutes of meetings at reasonable times on reasonable notice.
- (IX) The resolutions passed by, and the voting results of, the Remuneration Committee shall be submitted in writing to the Board of Directors of the Company.
- (X) All members of the committee and persons observing the meeting shall keep their discussions at the meetings confidential, and shall not disclose any relevant information without authorization.
- (XI) Where a member of the Remuneration Committee or his/her immediate family member, or any other enterprise controlled by a member of the Remuneration Committee and his/her immediate family member has a direct or indirect interest in the matter discussed at the meeting, the member shall disclose the nature and extent of the interest to the Remuneration Committee as soon as possible.
- (XII) In the event of the aforementioned circumstances, the interested Committee member shall abstain from voting at the Remuneration Committee meeting. However, if the other members of the Remuneration Committee, after discussion, unanimously determine that such conflict of interest will not have a significant impact on the matter to be voted on, the interested member may participate in the voting.

- (XIII) If the Board of the Company considers that the participation of a Committee member with an interest in the aforementioned matter is inappropriate, it may revoke the voting results of the relevant resolution and require Committee members without an interest to re-vote on the relevant resolution.
- (XIV) The meetings of the Remuneration Committee shall consider and resolve the proposals without counting the interested members in the quorum. If the Remuneration Committee does not meet the minimum quorum for a meeting after interested members abstain, all members (including interested members) shall resolve on procedural matters such as submitting the proposals to the Board of the Company for consideration, and the Board of the Company shall then consider such proposals.
- (XV) Minutes of meetings of the Remuneration Committee and resolutions passed at the meetings shall clearly state that the interested Member was not counted in a quorum and did not vote on such resolutions.

CHAPTER 3 SUPPLEMENTARY PROVISIONS

Article 9 The rules shall be reviewed and approved by the board of directors and shall come into effect and be implemented from the date of the Company's initial public offering of overseas listed foreign shares (H shares) and listing and trading on the Hong Kong Stock Exchange.

Article 10 Any matters not specified in the Rules shall be governed by the laws, regulations, normative documents, the securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association. In case of any inconsistency between these Rules and the laws, regulations, normative documents, the securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association, the latter shall prevail.

Article 11 These terms of reference are formulated and amended by the Board of Directors which shall have the right to interpret them.